

Soviet Economic Problems and Prospects

I. During the past decade or so there has been a slowing of Soviet economic growth. A further slowdown is expected over the period 1977-85.

- A. Rate of growth in the labor force will drop sharply.
- B. Expansion of the stock of plant and equipment is also expected to slow.
- C. Oil production is expected to peak no later than 1980 and then turn down.
- D. A rising hard currency debt will put a ceiling on the potential importation of western equipment embodying advanced technology.
- E. If the better-than-average weather of the past decade returns to "normal", Soviet agricultural growth will be dampened.

II. This slowdown in growth, potentially has widespread implications.

- A. In the interplay among resource claimants, future increases in military spending will be scrutinized more carefully.
- B. Although economic reforms could lead to large efficiency gains and more than offset the retarding factors, they would be politically painful.
- C. Disagreement over adoption of reforms and other potential solutions to economic problems might result in a leadership struggle.